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NEWS RELEASE

FOR IMMEDIATE RELEASE
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Norfolk, Virginia – Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced that L & K Electric Supply Company and Adriene Y. Balton, president of L & K Electric Supply Company and a resident of Birmingham, Alabama, pled guilty in U.S. District Court in Norfolk, Virginia, to a two-count criminal information charging them with fraud and false statements. L & K Electric faces fines up to \$1 million and Balton faces a maximum prison term of 10 years and a \$500,000 fine when sentenced on December 15, 2003, by United States District Judge Raymond A. Jackson.

Balton and the corporation submitted a false application to obtain Disadvantaged Business Enterprise (DBE) status from the Virginia Department of Transportation on a \$55 million contract to implement a Smart Traffic System in Chesapeake, Virginia. They were to supply \$14 million worth of electrical components for the system. In actuality, the company was partially owned by a non-minority firm with gross sales which exceeded the revenue limits for DBE's. L & K had previously been denied DBE status by the states of Louisiana, Florida and Maryland. L & K was designated the DBE, but terminated a few years into the contract due to performance problems. Balton failed to disclose these denials on her application and annual re-certifications.

Mr. McNulty stated: "Any fraud committed against the government is a serious crime. This crime is particularly egregious because the defendant abused a program designed to help the disadvantaged."

The investigation was conducted by U.S. Department of Transportation, Inspector General, Federal Bureau of Investigations, and Virginia Department of Transportation Office of the Inspector General. Assistant United States Attorney Robert J. Seidel, Jr. prosecuted the case.

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